

Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Provide name of bond issue exactly as it appears on the cover of the Official Statement (please include name of state where issuer is located):

SEE BELOW

Provide nine-digit CUSIP* numbers if available, to which the information relates:

SEE BELOW

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located):

THE CITY OF SAN DIEGO (OBLIGOR, PURSUANT TO CERTIFICATES OF PARTICIPATION); PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO; CITY OF SAN DIEGO/MTDB AUTHORITY; AND CONVENTION CENTER EXPANSION FINANCING AUTHORITY (STATE: CALIFORNIA)

Other Obligated Person's Name (if any):

THE CITY OF SAN DIEGO, CALIFORNIA – IN EACH CASE, THE ULTIMATE CREDIT BEING THE GENERAL FUND OF THE CITY OF SAN DIEGO

Provide six-digit CUSIP* number(s), if available, of Issuer:

Public Facilities Financing Authority, The City of San Diego, City of San Diego/MTDB Authority and Convention Center Expansion Financing Authority related CUSIPs: 797299, 797260, 797448, 797299, and 79727L

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

☐ Electronic (Number of pages attached) 11

☒ Paper (Number of pages attached): 11

If information is also available on the Internet, give URL: NOT AVAILABLE _____

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. ☐ Annual Financial Information and Operating Data pursuant to Rule 15c2-12

(Financial information and operating data should not be filed with the MSRB.)

B. ☐ Audited Financial Statements or CAFR pursuant to Rule 15c2-12

C. ☐ Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

- | | |
|--|--|
| 1. <input type="checkbox"/> Principal and interest payment delinquencies | 6. <input type="checkbox"/> Adverse tax opinions or events affecting the tax-exempt status of the security |
| 2. <input type="checkbox"/> Non-payment related defaults | 7. <input type="checkbox"/> Modifications to the rights of security holders |
| 3. <input type="checkbox"/> Unscheduled draws on debt service reserves reflecting financial difficulties | 8. <input type="checkbox"/> Bond calls |
| 4. <input type="checkbox"/> Unscheduled draws on credit enhancements reflecting financial difficulties | 9. <input type="checkbox"/> Defeasances |
| 5. <input type="checkbox"/> Substitution of credit or liquidity providers, or their failure to perform | 10. <input type="checkbox"/> Release, substitution, or sale of property securing repayment of the securities |
| | 11. <input type="checkbox"/> Rating changes |

D. ☐ Notice of Failure to Provide Annual Financial Information as Required

E. ☒ Other Secondary Market Information (Specify): **Voluntary Report of Information relating to certain errors to the Comprehensive Annual Financial Report of the City of San Diego for the fiscal year ended June 30, 2002.**

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name **PATRICIA T. FRAZIER**

Title: **DEPUTY CITY MANAGER**

Employer: **CITY OF SAN DIEGO**

Address: **202 C STREET, MAIL STATION 9B, SAN DIEGO, CA 92101**

Obligor Contact, if any:

Name **PATRICIA T. FRAZIER**

Title: **DEPUTY CITY MANAGER**

Employer: **CITY OF SAN DIEGO**

Address: **202 C STREET, MAIL STATION 9B, SAN DIEGO, CA 92101**

Investor and Credit Relations Contact:

Name: **LAKSHMI KOMMI**

Title: **DEPUTY DIRECTOR, FINANCING SERVICES**

Telephone: **(619) 236-6928**

Fax: **(619) 235-5835**

Press Contact:

Name: **CARL NETTLETON**

Title: **DIRECTOR OF PUBLIC AND MEDIA AFFAIRS**

Telephone: **(619) 236-6851**

Fax: **(619) 235-5266**

**RELATING TO
VOLUNTARY REPORT OF INFORMATION
DATED MARCH 12, 2004**

**Public Facilities Financing Authority
of the City of San Diego
Lease Revenue Bonds, Series 2002B
(Fire and Life Safety Facilities Project)
(CUSIP Number 797299)**

**City of San Diego/MTDB Authority
2003 Lease Revenue Refunding Bonds
(San Diego Old Town Light
Rail Transit Extension Refunding)
(CUSIP Number 797448)**

**City of San Diego
2003 Certificates of Participation
(1993 Balboa Park/Mission Bay Park Refunding)
Evidencing Undivided Proportionate Interest in Lease
Payments to be Made by the City of San Diego
Pursuant to a Lease with the San Diego Facilities and
Equipment Leasing Corporation
(CUSIP Number 797260)**

**Public Facilities Financing Authority
of the City of San Diego
Lease Revenue Bonds, Series 2002 (Ballpark Project)
(CUSIP Number 797299)**

**Convention Center Expansion Financing Authority
Lease Revenue Bonds, Series 1998A
(City of San Diego, California, as Lessee)
(CUSIP Number 79727L)**

**City of San Diego, California
Certificates of Participation
(Balboa Park and Mission Bay Park Capital
Improvements Program)
Series 1996A
(CUSIP Number 797260)**

**City of San Diego, California
Refunding Certificates of Participation
(Balboa Park and Mission Bay Park Capital
Improvements Program, Series 1991)
Series 1996B
(CUSIP Number 797260)**

**Public Facilities Financing Authority
of the City of San Diego
Taxable Lease Revenue Bonds, Series 1996A
(San Diego Jack Murphy Stadium)
(CUSIP Number 797299)**

The City of San Diego, California (the “City”) is submitting this Voluntary Report of Information (this “Report”) to the Municipal Securities Rulemaking Board (“MSRB”) and the Nationally Recognized Municipal Securities Information Repositories (“NRMSIRs”). See Exhibit A for the listing of NRMSIRs. The City is submitting this Report on behalf of itself and on behalf of the Public Facilities Financing Authority of the City of San Diego, the City of San Diego/MTDB Authority, and the Convention Center Expansion Financing Authority (the “Issuers”) for the above-mentioned issuances. The City may or may not from time to time voluntarily submit additional information. This submission does not constitute a commitment to provide information beyond the disclosure requirements of the Continuing Disclosure Agreements related to each of the above-mentioned issuances (collectively, the “Continuing Disclosure Agreements”).

This Report is dated as of March 12, 2004 (the “Dated Date”) and speaks only as of the Dated Date. Readers are cautioned not to assume that any information has been updated beyond the Dated Date unless this Report expressly states that it constitutes an update of a specific matter in a document. The City expressly disclaims any duty of the Issuers to provide an update of this Report or a further update of any document, or matter therein, specifically referenced.

The filing of this Report does not constitute or imply any representation (1) that any or all of the information provided is material to investors, (2) regarding any other financial, operating or other information about the Issuers, or the above stated issuances, (3) that no changes, circumstances or events have occurred which may have a bearing on the security for the above-mentioned issuances or an investor’s decision to buy, sell or hold the above-mentioned issuances.

Any statements regarding the above-mentioned issuances, other than a statement made by the Issuers in an official release or subsequent notice or annual report, published in a financial newspaper of general circulation and/or filed with the MSRB or the NRMSIRs, are not authorized by the Issuers. The Issuers shall not be responsible for the accuracy, completeness or fairness of any such unauthorized statement.

DATED: March 12, 2004

CITY OF SAN DIEGO


Patricia T. Frazier
Deputy City Manager

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission.

Bloomberg Municipal Repository

100 Business Park Drive
Skillman, NJ 08558
Email: Munis@Bloomberg.com
Phone: (609) 279-3225
FAX: (609) 279-5962

FT Interactive Data

Attn: NRMSIR
100 William Street
New York, NY 10038
Email: NRMSIR@FTID.com
Phone: (212) 771-6999
FAX: (212) 771-7390

Standard & Poor's J. J. Kenny Repository

55 Water Street, 45th Floor
New York, NY 10041
Email: nrmsir_repository@sandp.com
Phone: (212) 438-4595
FAX: (212) 438-3975

DPC Data, Inc.

One Executive Drive
Fort Lee, NJ 07024
Email: nrmsir@dpcdata.com
Phone: (201) 346-0701
FAX: (201) 947-0107

VOLUNTARY REPORT OF INFORMATION DATED MARCH 12, 2004

This Voluntary Report of Information (this "Report") is being provided by the City of San Diego (the "City") on behalf of itself and on behalf of the Public Facilities Financing Authority of the City of San Diego, the City of San Diego/MTDB Authority, and the Convention Center Expansion Financing Authority (the "Issuers") for the above-mentioned issuances.

On January 27, 2004, the City, on behalf of itself and certain other issuers, filed a Voluntary Report of Information (the "Voluntary Report") with the MSRB and the NRMSIRs relating to certain securities backed by the general credit of the City and concerning in part certain errors discovered in the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002 (the "2002 CAFR"). Part II of the Voluntary Report set forth how the errors were discovered, the City's actions in response to that discovery including the actions of the City's internal auditor (the "City Auditor") and Caporicci & Larson, its outside auditor (the "Outside Auditor"), and described a number of the discovered errors and correctible statements. A copy of Part II of the Voluntary Report is enclosed as Attachment A.

In finalizing the review of the City of San Diego Redevelopment Agency (the "Agency") stand alone Annual Financial Report for the fiscal year ended June 30, 2003 (the "2003 AFR"), it was learned that an error previously discovered in the preparation of the 2003 AFR, which impacted the 2002 CAFR, was not included in the list of errors assessed in preparing the Voluntary Report. That error was as follows:

Incident to a transaction between the Agency and a real estate developer, land received from the developer in the amount of \$6.0 million was not recorded as an asset. This resulted in an understatement of both Assets and Unrestricted Net Assets in the Statement of Net Assets contained in the 2002 CAFR by \$6.0 million. The understatement of net assets also affects the following financial statements: the Statement of Activities, the Governmental Funds Balance Sheet, and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Had this error been included in the list of errors assessed for purposes of preparing Part II of the Voluntary Report, it would have been included as an example of the errors and correctible statements set forth therein.

The City Auditor and the Outside Auditor are of the opinion that, based upon the activities undertaken by each of them with respect to the 2002 CAFR, as described in Part II of the Voluntary Report, and in accordance with accounting and auditing professional guidelines, the error described above is not material either individually or in the aggregate with the other errors and correctible statements set forth in Part II of the Voluntary Report in the context of the 2002 CAFR taken as a whole, and therefore the City Auditor has elected not to reissue the 2002 CAFR. Further, the Outside Auditor, as the successor to Calderon, Jaham & Osborn ("CJ&O"), has advised the City Auditor that the City may continue to rely on the CJ&O audit report dated November 27, 2002, related to the 2002 CAFR, as well as the letter dated the same date from CJ&O to the City Auditor related to the City's internal accounting controls. To the extent that the above described error in the 2002 CAFR would have had an effect upon the audited financial statements of the City as of June 30, 2003 (the "2003 Statement"), the necessary corrections were made in the course of the preparation of such 2003 Statements.

PART II

2002 FINANCIAL STATEMENTS ERRORS

In September 2003, the City Auditor and Comptroller (the “City Auditor”) and Caporicci & Larson, the outside auditor (the “Outside Auditor”) of the Comprehensive Annual Financial Report of the City (the “CAFR”) discovered that certain errors existed in the CAFR for the fiscal year ended June 30, 2002 (the “2002 CAFR”). The discovered errors were primarily limited to the footnotes to the 2002 CAFR. The 2002 CAFR was audited by Calderon, Jaham & Osborn (“CJ&O”), to which the Outside Auditor is the successor firm. Upon such discovery, the City Auditor and the Outside Auditor undertook a variety of activities, which continued into December 2003.

The City Auditor’s activities were as follows: (1) confirmed footnote information to supporting sources and source documentation including outside third party sources; (2) compared various footnote disclosures for conformance to generally accepted accounting principles in the United States (“GAAP”); (3) compared footnotes in separate financial statements to footnotes in the combined all-funds financial statements to ascertain consistency in numbers or narratives; (4) recalculated the totals of all numerical columns within footnotes; (5) traced and reconciled footnote information to other portions of the 2002 CAFR if applicable; and (6) reviewed the footnotes to determine if any could be enhanced for additional clarity in the subsequent year’s financial statements. This process was separately undertaken by each of the Accounting Division and the Audit Division.

The Outside Auditor undertook the following activities: (1) the audit team which audited the 2002 CAFR compared the 2002 CAFR (including both the financial statements themselves and the footnotes thereto) to the audit working papers that were prepared in connection with the 2002 CAFR; (2) the Engagement Partner and the Senior Partner of the Outside Auditor reviewed the 2002 CAFR (including both the financial statements themselves and the footnotes thereto) for technical compliance with the requirements of GAAP, which includes relevant Governmental Accounting Standards Board (“GASB”) pronouncements by comparing the 2002 CAFR to a technical compliance checklist recommended by the Government Finance Officers Association; (3) the Outside Auditor had a technical Quality Control Review of the 2002 CAFR performed by their independent Quality Control Reviewer who is a certified public accountant; and (4) the Outside Auditor met with members of the Accounting Division and the Audit Division of the City Auditor’s Office to compare results of the City Auditor’s and the Outside Auditor’s reviews of the 2002 CAFR and assisted the City Auditor in preparing a comprehensive list of the errors in the 2002 CAFR. All of the activities of the City and the Outside Auditor were substantially completed in December 2003.

The review processes undertaken did not constitute a re-audit or re-issuance of either the footnotes or of any other part of the 2002 CAFR, and therefore would not necessarily have brought to light any errors that such an re-audit or re-issuance may have uncovered. The review process of the Outside Auditor included both the financial statements themselves and the footnotes thereto; and the review process of the City Auditor did not extend beyond the footnotes of the 2002 CAFR to the actual financial statements, as such, except as indicated above. It is the opinion of the City Auditor and the Outside Auditor that, in accordance with accounting and auditing professional guidelines, discovered errors related primarily to footnotes, and were not material either individually or in the

aggregate in the context of the 2002 CAFR taken as a whole. Neither the City Auditor nor the Outside Auditor extended this review to any financial statements of the City for years prior to the fiscal year ended June 30, 2002.

Among the errors and correctible statements discovered by the City Auditor and the Outside Auditor in the 2002 CAFR were the following:

1. In Note 5 of Notes to the 2002 CAFR (Governmental Activities of Long-Term Debt), there were miscellaneous errors in stated interest rates and maturities on various bonds which did not affect the actual financial statements, as such. There were also miscellaneous errors in interest payable on bonds and notes payable resulting in a net overstatement of prospective interest ranging from an understatement of approximately \$211,000 per year to an overstatement of approximately \$1,582,000 per year for a total net overstatement of approximately \$26,229,000, primarily the future accreting value on capital appreciation bonds of the City's Redevelopment Agency. This did not affect the actual financial statements, as such. However, there were also errors in prospective bond principal payable in Note 5 of which approximately \$2,615,000 was the already accrued (accreted) value on such capital appreciation bonds, which affected the following financial statements in the 2002 CAFR: (Statement of Net Assets – Governmental Activities; Statement of Activities – Governmental Activities; the Reconciliation to Net Assets at the bottom of the Governmental Funds – Balance Sheet; and the Reconciliation of the Statement of Revenues, Expenditure, and Changes in Fund Balances of Governmental Funds to the Statement of Activities) in that it understated a category of liabilities and expenses therein and overstated net assets by an equal amount.

2. In Note 6 of Notes to the 2002 Financial Statements (Business Type Activity Long-Term Debt), miscellaneous errors were found, which were primarily in stated interest rates and maturity dates. This did not affect the actual financial statements, as such. In addition, the amortization of discounts and premiums on bonds issued, in the aggregate net amount of \$19,232,000, was not reflected in Note 6. There were corresponding misclassifications of a like amount in certain categories of assets and liabilities in the following financial statements in the 2002 CAFR (Statement of Net Assets – Business Type Activities; Statement of Net Assets – Proprietary Funds). These misclassifications offset each other resulting in no change in total net assets, and therefore, did not have an impact on the financial statements, as such.

3. In Note 10 of Notes to the 2002 Financial Statements (Lease Commitments – Operating Leases), the total amount payable on operating leases between June 30, 2003 and June 30, 2027 was stated to be \$13.7 million, whereas the correct amounts ranged from approximately \$3 million to approximately \$10 million per year higher for a total of \$127.2 million (of which approximately \$72,069,000 represented amounts payable on operating leases for which the general fund is obligated). This did not affect the actual financial statements, as such.

4. In addition, there were a variety of corrections to Note 12 of Notes to the 2002 CAFR (Pension Plans—Deferred Benefit Plan) (the “Note”). The discussion in this item 4 and item 7 relates to the City Employees' Retirement System (“CERS”) as a whole and reflects pension matters for governmental activities (of which the general fund is a component) and business-type activities collectively.

a. The Note indicated, under subparagraphs c (Funding Policy) and d (Annual Required Contributions) that the City's unfunded actuarially accrued liability (“UAAL”) to CERS

was being amortized at a percentage of payroll over a period of 30 years with 19 years remaining. In addition, the City reported a net pension obligation (“NPO”) as the difference between the actual contributions to the pension plan (pursuant to the 1996 arrangement) and the required amount. The NPO is derived by first amortizing the UAAL over a number of years to establish an annual actuarially required contribution (“ARC”). However, the Note did not indicate that in calculating the ARC the UAAL was being amortized using a running 40-year period, rather than a 30-year fixed period with 19 years remaining. While utilizing such a running 40-year period is permissible under generally accepted accounting principles for reporting an NPO liability it results in an NPO less than would have been reported had the 30 years fixed/19 years remaining amortization method been used. This did not affect the financial statements, as such.

b. In subparagraph c of the Note (Funding Policy), it was indicated that (a) as a consequence of utilizing the “Corridor” funding method in accordance with the 1996 arrangement, which was not a funding method formally sanctioned by GASB for financial reporting purposes, the City was required to report a liability of \$39.2 million more than had been paid by the City (as an NPO) even though the shortfall was funded in a reserve, and (b) the actuary believed that the Corridor funding method was an excellent method for the City and superior to one of the GASB acceptable methods of funding. The subparagraph did not make clear that the reserve was, in fact, maintained by CERS, not the City. The reserve was eliminated by CERS during the year ended June 30, 2003, and the elimination of the reserve neither increased nor decreased CERS actuarial assets. While the actuary statements regarding the belief of the actuary and its efforts to obtain an endorsement by the GASB for using such method were correct in 1997, these statements were no longer correct at the time the 2002 CAFR were issued. This did not affect the actual financial statements, as such.

Further, while subparagraph c specified the total contributions made during the year, it did not, as required by GAAP relating to accounting for pensions by state and local government employers, show tables of the City’s varying contribution rates expressed as percentages of active payroll which range from a low of 8.56% to 52.23% for general members and a low of 18.91% to a high of 21.54% for safety members. This did not affect the actual financial statements, as such.

c. In subparagraph d of the Note (Annual Required Contribution), there were a variety of miscellaneous errors: Among them, the date of June 30, 1996, as the actuarial valuation used to determine the City’s annual required contributions should have been June 30, 2001, and the inflation rate assumption should have been 4.25% rather than 4.5% as stated in the subparagraph. This did not affect the actual financial statements, as such.

d. In subparagraph e of the Note (Three-Year Trend Analysis), the Annual Pension Cost amounts in the table for the years ended 6/30/00 and 6/30/01 were erroneously stated, as were the percentage being contributed and the resulting NPO; the NPO recorded in the table for the year ended 6/30/00, was approximately \$700,000 understated and the amount for the year ended 6/30/01, was approximately \$1.7 million understated. The same numerical errors occurred in subparagraph f of the Note (Net Pension Obligation – Three Year Trend Analysis) in the table. These errors also resulted in the understatement of a category of expenses and a category of liabilities by \$1.7 million in total, of which approximately \$1.4 million is in each of the following financial statements in the 2002 CAFR that present financial data in which governmental activities, including the general fund, are components: (1) Statement of Net Assets; (2) Statement of Activities; (3) the Reconciliation to Net Assets at the bottom of the Governmental Funds – Balance

Sheet; and (4) Reconciliation of the Statement of Revenues, Expenditure; and Changes in Fund Balances of Governmental Funds to the Statement of Activities. The remaining amount was excluded from comparable business-type funds.

e. A 2002 agreement between CERS and the City relating to, among other things, City pension plan contribution funding requirements, to be effective July 1, 2003, which agreement had been approved before the time of the issuance of the 2002 CAFR by both the City and CERS, was not mentioned in the footnotes to the 2002 Financial Statements as a subsequent event. This agreement superceded the 1996 arrangement referred to in 4.b above. (See “Part I — Pension Plan” for information regarding the 1996 arrangement and the 2002 agreement.) This did not affect the actual financial statements, as such.

5. In Note 17 of Notes to Financial Statements (Commitments), the amount of a revolving line of credit guarantee of which the San Diego Housing Commission, a discretely presented component unit in the 2002 CAFR, guarantees 10%, was understated by approximately \$3.5 million; the sewer utility construction plans cost estimates were understated by approximately \$1 million; and the water utility construction plan cost estimates were understated by approximately \$1.6 million and its contractual commitments were understated by approximately \$4.2 million. This did not affect the actual financial statements, as such.

6. In Note 22 of Notes to Financial Statements (Restatement of Beginning Balances), in the table, the various balances, adjustments and restated balances for the Sewer Utility Fund were omitted. The restated balance as of June 30, 2001, for such enterprise fund was approximately \$1.66 million. This did not affect the actual financial statements, as such.

7. An unaudited required table of supplemental information relating to pension plan funding levels was included in the 2002 CAFR (following the footnotes thereto) for each of the fiscal years ended June 30, 1996 through 2001, and included the funded ratio, the UAAL, and the ratio of the UAAL to the covered payroll. This table was prepared including pension data regarding the San Diego Unified Port District, which should have been excluded. As a result, the funded ratio, UAAL, and the ratio of the UAAL to the covered payroll were each misstated. These errors did not affect the financial statements, as such. If corrected, as of June 30, 2000 and 2001 (the last two fiscal years presented), such table of supplemental information would have reflected a UAAL, the funded ratio, and the ratio of the UAAL to the covered payroll as follows (as compared to the numbers as published) (dollars in thousands):

<u>Fiscal Year Ended</u>	<u>UAAL</u>		<u>Funded Ratio</u>		<u>Ratio of UAAL to Covered Payroll⁽¹⁾</u>	
	<u>As Published</u>	<u>If Corrected</u>	<u>As Published</u>	<u>If Corrected</u>	<u>As Published</u>	<u>If Corrected</u>
	<u>June 30,</u>					
2000	\$32,936	\$68,959	98.75%	97.3%	6.87%	15.4%
2001	\$261,741	\$283,893	91.07%	89.9%	50.50%	58.9%

⁽¹⁾ The higher the ratio of the UAAL to the covered payroll, the greater the economic burden to the City.

No Reissuance; Future Procedures. The City Auditor and the Outside Auditor are of the opinion that, based upon the activities undertaken by each of them with respect to the 2002 CAFR,

as described above, and in accordance with accounting and auditing professional guidelines, the errors that were discovered, primarily relating to footnotes, were not material either individually or in the aggregate in the context of the 2002 CAFR taken as a whole, and therefore the City Auditor has elected not to reissue 2002 CAFR. Further, the Outside Auditor, as the successor to CJ&O, has advised the City Auditor that the City may continue to rely on the CJ&O audit report dated November 27, 2002 related to the 2002 CAFR as well as the letter dated the same date from CJ&O to the City Auditor related to the City's internal accounting controls. To the extent that the errors in the 2002 CAFR would have had an effect upon the audited financial statements of the City as of June 30, 2003 (the "2003 Statements"), the necessary corrections were made in the course of the preparation of such 2003 Statements.

As a consequence of the discovery of errors, the City Auditor has implemented the following additional procedures relative to the review process: (1) the establishment and maintenance of a centralized control point and repository for the preparation, review, cross checking of source documentation and source approvals for all footnotes; (2) the requiring of formal consents and approvals by appropriate departments or third parties of all applicable footnotes, and the overall acknowledgment and approval of the obtaining of all such consents and approvals; (3) mandatory cross-checking between separate financial statements and the combined all-funds financial statements; and (4) the reviewing of each of the steps described above by the Audit Division. The Outside Auditor likewise has implemented the following additional audit process procedures with respect to City financial statements: (1) cross-checking of all source documentation provided by the City for reasonableness and appropriateness; (2) requiring written communication by the City for any known material or immaterial errors or misstatements; (3) enhanced documentation of audit progress meetings conducted with key City staff; (4) enhanced communication and cross-checking of information relating to subsequent events, commitments and contingencies and litigation with the offices of the City Auditor and City Attorney; (5) enhanced cross-checking of separate fund and related-entity financial statements to the City's financial statements; (6) a person independent from the audit team for the City will review these financial statements for technical compliance with the requirements of GASB by comparing the financial statements against a technical compliance checklist recommended by the Government Finance Officers Association; and (7) the Director of Accounting and Auditing will review these financial statements for technical compliance with GASB requirements.